

moffat communications limited

Annual Report 1980

AR11



Decentralization is the cornerstone of Moffat Communications Limited management philosophy. Our goal is to hire the best people we can possibly find and give them the responsibility and authority they need to perform their jobs. Decisions are made at the local level, consistent with the basic legal and moral responsibilities of corporate management. Budgets, which are established annually for five year periods and reviewed quarterly, originate with the general managers responsible for their application. We expect a great deal from our operating managers: cost-conscious decision-making and recognition and exploitation of sales potential. Above all, we expect our managers to operate their divisions and stations as good citizens and to use their facilities to further the welfare of their respective communities.

Operating Highlights
(Dollars in Thousands)

	1980	1979
Revenue	\$35,735	\$31,513
Net Income	\$ 5,053	\$ 4,000
Net Income Per Share	\$2.14	\$1.70
Dividends Per Share	60¢	48¢
Return On Equity	25.4%	24.1%

Five Year Review

Years ended August 31

	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
INCOME (000)					
Revenues	\$35,735	\$31,513	\$27,196	\$20,479	\$17,012
Operating Profit (1)	13,303	11,314	9,209	7,270	6,224
Operating Profit Margin	37.2%	35.9%	33.9%	35.5%	36.6%
Net Income	5,053	4,000	3,053	2,822	2,355
Net Income Profit Margin	14.1%	12.7%	11.2%	13.8%	13.9%
Cash Flow (2)	7,065	5,880	5,096	4,174	3,667
Dividends	1,417	1,130	762	578	382

BALANCE SHEET (000)

Capital Expenditures	\$ 2,985	\$ 2,890	\$ 4,062	\$ 1,860	\$ 1,764
Working Capital	3,684	2,314	669	3,690	1,971
Shareholders' Equity	21,765	18,097	15,158	12,792	10,101
Return on Average Shareholders' Equity	25.4%	24.1%	21.8%	24.7%	25.8%

ON A PER SHARE BASIS (3)

Net Income	\$ 2.14	\$ 1.70	\$ 1.31	\$ 1.23	\$ 1.05
Dividends	60.0¢	48.0¢	32.7¢	25.3¢	17.3¢
Cash Flow	2.99	2.50	2.19	1.82	1.63
Book Value	9.22	7.68	6.47	5.50	4.49

(1) Operating Profit - revenues less operating expenses.

(2) Cash Flow - net income, depreciation and amortization and deferred income taxes less excess of net income of affiliates over dividends received and deferred charges.

(3) All years after giving effect to 3 for 2 share split in 1978.

QUARTERLY FINANCIAL DATA (UNAUDITED) - ON A PER SHARE BASIS

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Year</u>
Net Income 1980	58.0¢	37.0¢	61.7¢	57.3¢	\$ 2.14
1979	49.0	25.0	52.0	44.0	1.70
Dividends 1980	15.0	15.0	15.0	15.0	60.0¢
1979	12.0	36.0	—	—	48.0¢
Price range of common stock 1980	\$13.25-11.25	\$14.50-12.62	\$15.75-14.00	\$20.50-18.50	\$20.50-11.25
1979	9.75- 8.75	10.87- 8.75	12.25- 9.75	12.50-10.62	12.50- 8.75

GENERAL

On behalf of the Board of Directors of Moffat Communications Limited I am pleased to present the Annual Report of your Company for the year ending August 31, 1980.

Net income in 1980 increased 26% over 1979 and revenues increased 13%, the eighth consecutive year of record operating performance since the shares of your company were listed on the Toronto Stock Exchange in 1972. Net income of \$5,053,000 and revenues of \$35,735,000 were each about 5.7 times greater than eight years earlier.

Each division (Television, CATV, Radio and Consumer Behavior Center, Inc.) established individual net income records in 1980. The broadcast group increase was due primarily to strong demand by National advertisers for both radio and television. The CATV increase was mainly the result of a 50¢ per month rate increase to our subscribers which became effective November 1, 1979.

Other financial highlights for 1980 include a 25% increase in dividends paid to \$1,417,000 and a 21% increase in funds provided from operations to \$7,564,000.

The management of a company is only partly reflected in current results; equally important is planning and building for future years. Reinvestment in the primary businesses of your Company is a central focus of this effort and our capital spending of \$13,561,000 in the last five years was devoted largely to the expansion and modernization of our broadcasting and CATV plant and equipment. Though the precise timing of some projects has not been established, we anticipate that capital spending may exceed \$6,000,000 in 1981 as we continue to build towards the future.

Mindful of the external factors which will continue to influence your Company, management is keenly aware of and actively voices the position of the Company on all of the important regulatory and legislative issues affecting our divisions. FM radio regulations have been restrictive, provincial interference with cable operations has intensified and Pay TV still awaits a "Canadian Solution" that marries public demand and taste with Canadian content. The proliferation of illegal satellite receiving stations (TVRO's), supported by Provincial Governments, and the reluctance of Federal authorities to take action either through policy or prosecution is lamentable. We are encouraged, however, by the recent announcement by the Minister of Communications that measures will be taken this year to

facilitate the introduction of Pay TV and action with regard to satellite TVRO policy is forthcoming.

Much has been written, most of it glowing, about the development of new distribution technology such as video cassettes and discs, and we view these new endeavours as essentially supplementary to our basic business of broadcasting and cable TV. Commercial television and radio are mass communications media, supported by advertising and directed to the needs of the public as a whole while in contrast, the new arrivals appear to be designed to provide specialized services to those willing to pay for them.

RADIO OPERATIONS

Net income of our radio division increased 13% in 1980 with Calgary stations CKXL and CHFM-FM the main contributors to this increase. CKY and CITI-FM Winnipeg continued their growth and also contributed to the increase in income. Keith James and Alden Diehl and their respective Calgary and Winnipeg people deserve our recognition.

Under the leadership of Vern Traill, the CKLG and CFOX-FM stations in Vancouver gained a larger share of the listening audience and increased sales by 11% in a market which had little overall growth in 1980 radio sales. CHED Edmonton, under the management of Jerry Forbes, satisfactorily met the challenge of two new radio stations and a new daily newspaper in Edmonton and continues its leadership of this dynamic market.

CHAB Moose Jaw/Regina continues to be a valuable source of well-trained and qualified people for all our radio stations. Duncan Cameron and the CHAB people are excellent teachers while preparing themselves for future advancement.

In each of our cities, we strive to enhance the status and value of our stations by serving the public interest. This is accomplished through an extensive commitment to audience and lifestyle research which assists us in tailoring radio programming to local needs and tastes and in providing specific listener audiences with specialized radio formats.

FM radio development in Canada has been slow and CRTC regulations on FM continue to be difficult but FM popularity is increasing and offers an opportunity for significant future growth.

Our radio stations, which are located in competitive markets, have sensitively served listeners and advertisers and, as a result, have enjoyed stability of growth in their share of both the listening audience and the advertising dollar.

TELEVISION

CKY-TV growth in 1980 was slowed as a result of the impact of CTV Network operations but we expect an improvement in CTV results in fiscal 1981 as the Network is anticipating (and sales to date confirm this) a record sales year for 1981. It is interesting to note that the sales success of the Network is not confined to entertainment and sports programming but includes news and public affairs as well. Outstanding audience acceptance of CTV's "National News", "W-5", "Live It Up" and "Canada AM" has generated a virtual sold-out position in these programs for the remainder of the 1980/81 broadcast season.

Traditionally, the news and public affairs sector has been considered a "loss leader" by most North American networks and stations. CTV serves, totally without government subsidies, in excess of 94% of the Canadian English speaking population.

Under the guidance of General Manager Jim Purvis, CKY-TV continues to reach more viewers than any other station in Manitoba.

We are pleased with the increase in audience for CKY-TV's major 6:00 - 7:00 p.m. News Hour and the weekly "Let's Go" children's program produced by CKY has been renewed for its fifth season on the full CTV Network.

CKY recently sold to Hong Kong TV, its experimental series, "Man and Nature", a historical drama about Manitoba.

CABLE TELEVISION

In Winnipeg, a total of 128,407 households, or 83.2% of those to which cable service is available in the licensed area of Winnipeg Videon Incorporated (80% owned) subscribe to its CATV service.

	August 31	
	1980	1979
Household subscribers	128,407	122,591
Households passed by cable . . .	154,281	150,435
Households in licensed area . . .	154,688	150,842

Videon continues to serve its subscribers in Winnipeg and Pinawa with a high quality CATV service, directed by General Manager Jack Baigrie, and while the Winnipeg market has reached near saturation, Videon is actively pursuing additional market opportunities to further expand its services. The development of Pay Television represents an exciting opportunity for future revenue growth and we are optimistic that the Federal Government will establish policy for the introduction of service during the coming year. Expanded channel service represents additional opportunities for growth.

Development of a long-term service agreement with the Manitoba Telephone System continues to be a top priority goal requiring considerable management time and effort.

Videon has continued to devote a portion of subscriber revenues to support local performers in our community in co-operation with local off-air broadcasters.

In October of 1979, Videon acquired a 40% interest in Valley Cable Vision Limited, a CATV company licensed to serve Carman, Morden, Altona and Winkler in the rural Pembina Valley area of Manitoba.

OTHER OPERATIONS

Consumer Behavior Center, Inc. of Dallas continues to show gradual improvement and achieved profitability in 1980 in its advertising research for national advertisers.

In May, Moffat International Corp. was established to explore CATV opportunities in the Sun Belt areas of the United States and costs of these operations are charged to expense as incurred.

OUTLOOK

Historically, we have used debt as a means of furthering our corporate goals. At fiscal year end 1980, our working capital exceeded long-term debt by \$444,000, placing us in a strong position for future growth. In the years 1976-1980 our operations produced \$8,723,000 in net free cash flow (defined as the sum of net income, depreciation and amortization, and deferred income taxes less payments for capital expenditures and dividends), \$2,820,000 of which was generated in 1980.

In August we announced the purchase of Hamilton, Ontario radio station CJJ-D-AM, subject to the approval of the CRTC. We believe this application will be heard in early 1981. We are excited about this new opportunity in radio and are prepared to absorb the initial negative affect on income in return for the long-term benefits. In view of our proven ability to serve the people in our licensed areas, we are hopeful of a favorable decision.

November 7, 1980

We have also filed an application to establish an FM station in Edmonton and expect announcement of a CRTC Hearing date in the near future.

On October 1, 1980 the Board of Directors increased the quarterly dividend rate to 19¢ per share effective with the November 28, 1980 dividend.

We would like to make special note of the retirement of F. Newton Hughes who has served with distinction as a member of the Board since 1972. Mr. Hughes' invaluable guidance contributed importantly to our growth.

We also welcome to the Board of Directors William A. Davis, Vice-President, Finance and Treasurer of the Company.

The success of your Company depends in large measure upon the quality and skills of its employees for whom 1980 payroll exceeded \$11,600,000, more than 51% of our total operating expenses. The expertise and dedication of all of our employees are deeply appreciated and represent a solid framework for the Company's future growth.

On behalf of the Board,

A handwritten signature in dark ink, appearing to read "Randall L. Moffat". The signature is fluid and cursive, with the first name "Randall" and last name "Moffat" clearly distinguishable.

Randall L. Moffat
President

moffat communications limited

Consolidated Statement of Income

For the Year Ended August 31, 1980

(with comparative figures for 1979)

	<u>1980</u>	<u>1979</u>
GROSS REVENUE FROM OPERATIONS	<u>\$35,735,011</u>	<u>\$31,513,303</u>
EXPENSES:		
Operating	22,432,178	20,199,410
Depreciation and amortization	1,686,893	1,664,131
Interest	480,644	918,051
Income taxes - current	5,260,616	4,150,426
- deferred	402,577	270,921
Amortization of goodwill	<u>79,110</u>	<u>79,110</u>
	<u>30,342,018</u>	<u>27,282,049</u>
INCOME BEFORE UNDERNOTED	5,392,993	4,231,254
INTEREST OF MINORITY SHAREHOLDERS	<u>339,993</u>	<u>231,254</u>
NET INCOME FOR THE YEAR	<u>\$5,053,000</u>	<u>\$4,000,000</u>
NET INCOME PER SHARE	<u>\$ 2.14</u>	<u>\$ 1.70</u>

The accompanying notes are an integral part of the financial statements.

moffat communications limited
 (Incorporated under Canada Business Corporations Act)
Consolidated Balance Sheet
 As At August 31, 1980
 (with comparative figures for 1979)

<u>Assets</u>	<u>1980</u>	<u>1979</u>
CURRENT ASSETS:		
Cash and short-term investments	\$ 6,910,429	\$ 2,270,894
Accounts receivable	5,713,868	5,189,206
Prepaid expenses	<u>286,963</u>	<u>435,303</u>
Total Current Assets	12,911,260	7,895,403
 INVESTMENTS AND ADVANCES (Note 2)	 606,079	 493,376
 PROPERTY, PLANT AND EQUIPMENT (Note 3)	 15,669,730	 14,394,043
 DEFERRED CHARGES	 526,272	 396,106
 BROADCAST LICENCES AND GOODWILL AT COST		
LESS AMORTIZATION (Note 1d)	<u>8,573,704</u>	<u>8,652,814</u>
 TOTAL	 <u>\$38,287,045</u>	 <u>\$31,831,742</u>

The accompanying notes are an integral part of the financial statements.

Liabilities and Shareholders' Equity19801979**CURRENT LIABILITIES:**

Bank operating loans (Note 4)	\$ —	\$ 885,000
Accounts payable and accrued charges	2,568,122	1,989,662
Income taxes	5,365,281	914,821
Current portion of long-term debt	331,000	935,000
Unearned income	<u>1,013,384</u>	<u>857,074</u>

Total Current Liabilities	<u>9,277,787</u>	<u>5,581,557</u>
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LONG-TERM DEBT (Note 4)	<u>3,189,555</u>	<u>4,128,053</u>
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DEFERRED INCOME TAXES	<u>3,410,183</u>	<u>3,007,606</u>
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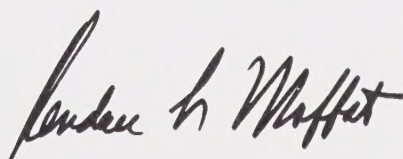
MINORITY INTEREST	<u>644,346</u>	<u>1,016,853</u>
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SHAREHOLDERS' EQUITY:

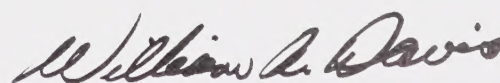
Capital stock (Note 5)	1,194,850	1,163,212
Retained earnings	<u>20,570,324</u>	<u>16,934,461</u>
Total Shareholders' Equity	<u>21,765,174</u>	<u>18,097,673</u>

TOTAL	<u><u>\$38,287,045</u></u>	<u><u>\$31,831,742</u></u>
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Approved by the Board:



Director



Director

moftat communications limited

Consolidated Statement of Changes in Financial Position

For the year ended August 31, 1980

(with comparative figures for 1979)

	1980	1979
WORKING CAPITAL PROVIDED:		
From operations:		
Net income for the year	\$ 5,053,000	\$ 4,000,000
Items not affecting working capital:		
Depreciation	1,686,893	1,664,131
Deferred income taxes	402,577	270,921
Share of income of affiliates	2,865	(4,000)
Minority interest share of income	339,993	231,254
Amortization of goodwill	79,110	79,110
Other	—	(8,000)
	<u>7,564,438</u>	<u>6,233,416</u>
 Issue of shares	 31,638	 69,806
Sale of property and equipment	32,318	159,749
Receipts from minority shareholders	17,500	53,668
Transfer of advance to former officer to current assets	—	391,441
Other	—	32,938
 TOTAL	 <u>7,645,894</u>	 <u>6,941,018</u>
 WORKING CAPITAL APPLIED:		
Capital expenditures	2,985,033	2,889,870
Payments to minority shareholders	730,000	108,000
Long-term debt	938,498	937,771
Dividends	1,417,137	1,130,254
Deferred charges	130,166	130,186
Sundry investments - net	125,433	100,500
 TOTAL	 <u>6,326,267</u>	 <u>5,296,581</u>
 INCREASE IN WORKING CAPITAL FOR THE YEAR	 1,319,627	 1,644,437
WORKING CAPITAL AT BEGINNING OF THE YEAR	<u>2,313,846</u>	<u>669,409</u>
 WORKING CAPITAL AT END OF THE YEAR	 <u>\$ 3,633,473</u>	 <u>\$ 2,313,846</u>

The accompanying notes are an integral part of the financial statements.

moffat communications limited

Consolidated Statement of Retained Earnings

for the year ended August 31, 1980

(with comparative figures for 1979)

	<u>1980</u>	<u>1979</u>
Balance at beginning of the year	\$16,934,461	\$14,064,715
Net income for the year	<u>5,053,000</u>	<u>4,000,000</u>
	21,987,461	18,064,715
Dividends (Note 5)	<u>1,417,137</u>	<u>1,130,254</u>
Balance at end of the year	<u><u>\$20,570,324</u></u>	<u><u>\$16,934,461</u></u>

Auditors' Report to the Shareholders of Moffat Communications Limited:

We have examined the consolidated balance sheet of Moffat Communications Limited as at August 31, 1980, and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at August 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Winnipeg, Canada
October 1, 1980

Deloitte, Haskins & Sells
Chartered Accountants

Notes to the Consolidated Financial Statements
as at August 31, 1980

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The accounts of all subsidiaries are included in the consolidated statements. The subsidiaries are as follows:

Wholly-owned:

EMM/CEE Productions Ltd., EMM Publishing Ltd., CEE Publishing Ltd. and Manipro Ltd.

Partially-owned:

Winnipeg Videon Incorporated (80% - 74.5% voting), Consumer Behavior Center, Inc. (60%), Moffat Communications Corp. (75%), Moffat International Corp. (75%).

Investment in shares of affiliated companies, Relay Communications Ltd. (50% owned) and Valley Cable Vision Limited (32% owned) are carried at cost plus equity share of net income less dividends received.

(b) Fixed Assets, Depreciation and Amortization

Plant and equipment costs, less 10% residual value and all leasehold improvement costs are charged to income over estimated useful lives as follows:

Buildings	- 20 years
Production and transmitting equipment	- 12½ years
CATV distribution system	- 10 years
Furniture and fixtures	- 10 years
Automotive	- 4 years
Land improvements	- 25 years
Leasehold improvements	- over terms of leases

(c) Translation of United States Currencies

The accounts of United States subsidiary companies have been translated into Canadian dollars on the following basis:

- 1) current assets and current liabilities at the year end rates of exchange;
- 2) fixed assets, related depreciation and long-term investments at rates prevailing at dates of acquisition;
- 3) revenue and expense items, other than depreciation, at the average rates for the year.

(d) Broadcast Licences and Goodwill

These intangible assets consist solely of the excess of purchase price paid over the fair market value of tangible assets of acquired broadcasting properties. These business assets represent broadcasting licences and franchises which may be characterized as scarce assets, with very long and productive lives, which have historically increased in value with the passage of time. Goodwill acquired before April 1, 1974 and totalling \$5,646,603 will not be amortized, but will be written down if there should be a diminution in its value. In accordance with the recommendation of the Canadian Institute of Chartered Accountants, such intangible assets acquired after April 1, 1974 and originally totalling \$3,164,431 are being amortized over periods of 40 years, even though in the opinion of Management, there has been no diminution of value of the respective properties. This amortization reduced earnings 3.3¢ per share in 1980 (3.4¢ in 1979).

(e) Income Taxes

The tax effect of each item in the Statement of Income is recognized in the current period, regardless of when the tax is paid. Taxes on amounts which affect financial and taxable income in different periods are reported as deferred income taxes.

(f) Long-term Leases

Lease costs are charged to expense based on the average of rental payments throughout the term of the lease. Payments made in excess of the amounts charged to expense are shown on the balance sheet as deferred charges. This account will be reduced by charges to operations in the latter years of the lease when payments will be lower than the average annual rate.

2. INVESTMENTS AND ADVANCES

	1980	1979
Affiliated companies - shares	\$285,968	\$ 74,433
- advances	115,901	135,894
Other - at cost		
(no quoted market value)	204,210	283,049
	<u>\$606,079</u>	<u>\$493,376</u>

3. PROPERTY, PLANT AND EQUIPMENT

	1980		1979	
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value
Land	\$ 609,783	\$ —	\$ 609,783	\$ 609,783
Land improvements	17,388	15,651	1,737	1,737
Building	2,137,401	1,284,384	853,017	780,541
Production, transmission & CATV equipment...	24,973,231	11,709,395	13,263,836	12,124,383
Automotive	159,103	97,946	61,157	57,824
Furniture & fixtures	838,594	325,173	513,421	507,540
Leasehold improvements	559,386	192,607	366,779	312,235
	<u>\$29,294,886</u>	<u>\$13,625,156</u>	<u>\$15,669,730</u>	<u>\$14,394,043</u>

4. LONG-TERM DEBT

	Long-Term	Current
Term bank loan repayable in annual instalments of \$607,000 September 1981 through 1984 and \$608,000 in September 1985	\$3,036,000	\$ —
Subordinated debenture repayable in quarterly instalments, \$69,750 through January 1982 - interest at prime lending rate plus 1¼%	139,500	279,000
7% mortgage, repayable in monthly instalments through November 1981	14,055	52,000
	<u>\$3,189,555</u>	<u>\$331,000</u>

The term and operating bank loans are secured by a demand debenture of the Company dated May 23, 1979, for \$20,000,000 which contains a floating charge on all of the property and assets of the Company in favour of the Bank. Interest is payable on bank term loan at a rate of 1% above its prime lending rate for an effective rate of 13½% at August 31, 1980. Interest on long-term debt amounted to \$411,000 in 1980 (\$662,000 in 1979).

5. CAPITAL STOCK

	Authorized Shares	Issued & Outstanding Shares at August 31	
		1980	1979
Class A common	3,750,000	1,044,619	811,433
Class B common	3,750,000	1,318,926	1,546,112
Class C preference	200,000,000	NIL	NIL

The Class A common shares and the Class B common shares are voting shares and inter-convertible at any time and the only difference in the rights of the holders of Class A common shares and Class B common shares is that the former receive ordinary cash dividends and the latter receive stock dividends payable in Class C redeemable preference shares which are redeemable at the issue price of 1¢ per share.

During the year, 6,000 Class A shares were issued for \$31,638 under the Employees' Stock Option Plan and 6,450 of the unissued Class A common shares are still reserved for allocation to employees under the stock option plan. As at August 31, 1980, options were outstanding with respect to (a) 1,725 of these shares at a price of \$5.33 ⅓ per share exercisable on a calendar year basis to October 1, 1981, and (b) 3,450 of these shares at a price of \$6.30 per share exercisable on a calendar year basis to October 17, 1982, to a maximum of 20% of the optioned shares each year plus unexercised options of the previous years. The outstanding options have no material dilutive effect on net income per share.

Dividends paid were as follows:

	1980	1979
Class A common shares - 60¢ per share (1979 - 48¢)	\$ 598,125	\$ 264,100
Class B common shares - 60¢ per share (1979 - 48¢)	819,012	866,154
	<u>\$ 1,417,137</u>	<u>\$1,130,254</u>

6. STATUTORY INFORMATION

Remuneration of the 16 Directors and senior officers, as defined by The Securities Act of Ontario approximates \$1,088,000 for the year ended August 31, 1980 (1979 - \$823,000).

7. LEASE AGREEMENTS

The total lease rental payments for the year ended August 31, 1980 was \$1,007,387 and based on existing lease commitments, will approximate \$871,582 in 1981, \$735,877 in 1982, \$646,726 in 1983, \$623,959 in 1984 and \$507,891 in 1985.

8. PROPOSED ACQUISITION

The Company has agreed to purchase the assets of Hamilton radio station CJJD for a consideration aggregating \$3,050,000, payable in cash. The purchase is conditional upon the Company receiving the required approval from the Canadian Radio-television and Telecommunications Commission.



1



4

Picture 1: CKLG/CFOX Vancouver Staff.



2

Pictures 2 and 3: CKY-TV is a founding shareholder of the CTV Television Network.



3

Picture 4: CTV Peking Bureau Chief, Dennis MacIntosh.

DIRECTORS

Gary T. Brazzell, Q.C. Donald J. McDonald*
William A. Davis Randall L. Moffat
Donna M. Hardstaff* Bennet R. Wong, M.D.
J. Blair MacAulay*

*Members of Audit Committee

OFFICERS

THE COMPANY

Randall L. Moffat

President and Chairman of the Board

Gary T. Brazzell, Q.C.

Secretary

William A. Davis

Vice-President — Finance and Treasurer

James W. McLaughlin

Vice-President and General Manager, Radio Administration

James S. Purvis

Vice-President and General Manager,
CKY-TV, Winnipeg

Duncan Cameron

Vice-President and General Manager,
CHAB, Moose Jaw

Alden E. Diehl

Vice-President and General Manager,
CKY-AM/CITI-FM, Winnipeg

Murray M. Forbes

Vice-President and General Manager,
CHED, Edmonton

Keith P. James

Vice-President and General Manager,
CKXL-AM/CHFM-FM, Calgary

Vernon L. Traill

Vice-President and General Manager,
CKLG-AM/CFOX-FM, Vancouver

SUBSIDIARY COMPANIES

Jack E. Baigrie

Vice-President and General Manager,
Winnipeg Videon Incorporated, Winnipeg

Thomas E. Turicchi, PhD.

President
Consumer Behavior Center, Inc., Dallas

BANK

Canadian Imperial Bank of Commerce

TRANSFER AGENT

Canada Permanent Trust Company

STOCK LISTINGS

Toronto Stock Exchange

Vancouver Stock Exchange

AUDITORS

Deloitte, Haskins & Sells, Chartered Accountants



moffat communications limited



**moffat
communications limited**

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Winnipeg, Canada R3J 3T7

CKLG-AM, CFOX-FM - Vancouver - 730/99.3
CKXL-AM, CHFM-FM - Calgary - 1140/95.9
CHED-AM - Edmonton - 630
CHAB-AM - Moose Jaw - 800
CKY-AM, CITI-FM - Winnipeg - 580/92.1
CKY-TV - Winnipeg - Channel 7
Relay Communications Ltd. (50% owned)

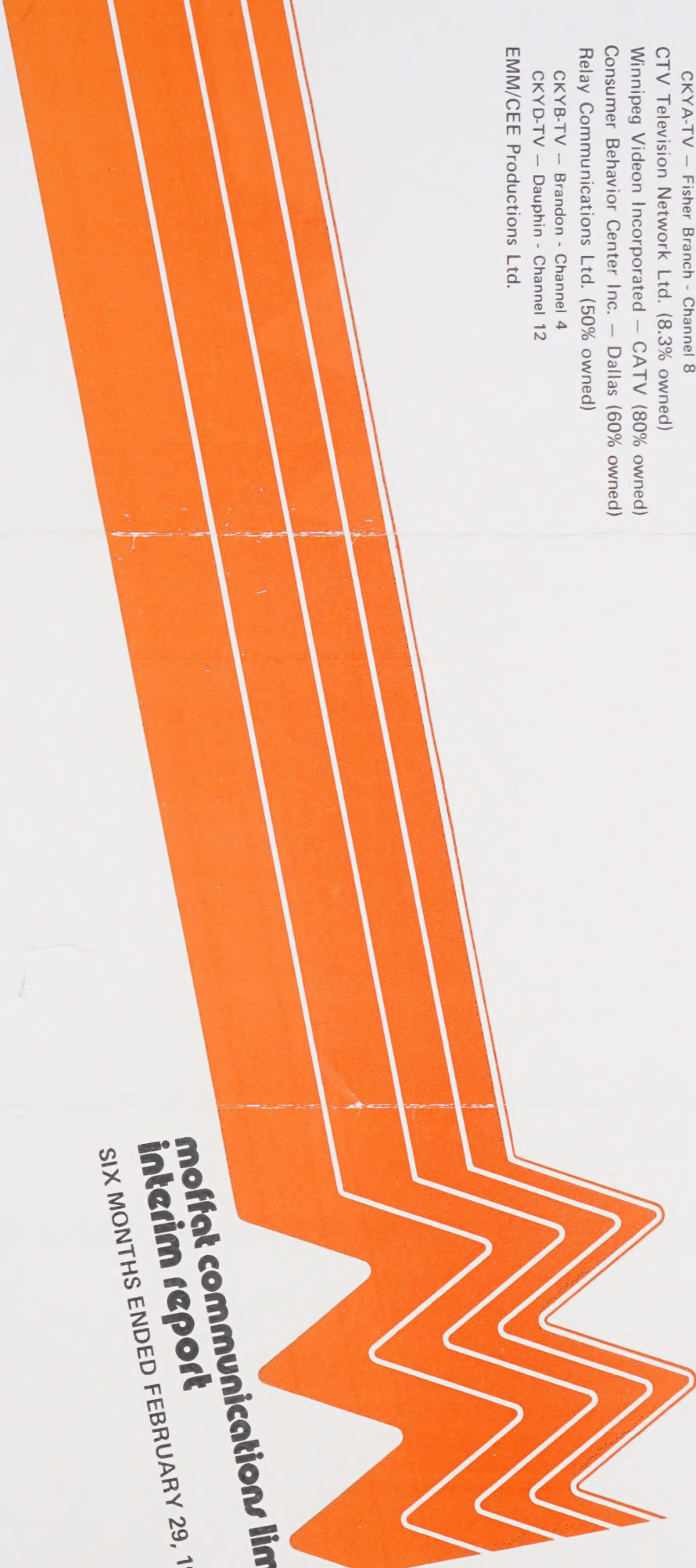
CTV Television Network Ltd. (8.3% owned)
Winnipeg Videon Incorporated (80% owned)
Consumer Behavior Center, Inc. - Dallas (60% owned)
EMM/CEE Productions Ltd.
Moffat International Corp. - Houston (75% owned)
Valley Cable Vision Limited (40% owned
by Winnipeg Videon)

CKLG-AM, CFOX-FM — Vancouver - 730/99.3
CKXL-AM, CHFM-FM — Calgary - 1140/95.9
CHED-AM — Edmonton - 630
CHAB-AM — Moose Jaw - 800
CKY-AM, CITI-FM — Winnipeg - 580/92.1
CKY-TV — Winnipeg - Channel 7
CKYP-TV — The Pas - Channel 12
CKYF-TV — Flin Flon - Channel 13
CKYT-TV — Thompson - Channel 9
CKYS-TV — Snow Lake - Channel 11
CKYA-TV — Fisher Branch - Channel 8
CTV Television Network Ltd. (8.3% owned)
Winnipeg Videon Incorporated — CATV (80% owned)
Consumer Behavior Center Inc. — Dallas (60% owned)
Relay Communications Ltd. (50% owned)
CKYB-TV — Brandon - Channel 4
CKYD-TV — Dauphin - Channel 12
EMM/CEE Productions Ltd.

STOCK LISTINGS

Toronto Stock Exchange
Vancouver Stock Exchange

Executive Office
415-1661 Portage Avenue
Winnipeg, Canada
R3J 3T7



moffat communications limited
interim report
SIX MONTHS ENDED FEBRUARY 29, 1980

moffat communications limited

INTERIM FINANCIAL REPORT

(unaudited)

FOR THE SIX MONTHS ENDED FEBRUARY 29, 1980
(with comparative figures for 1979)

SUMMARY OF INCOME

	1980	1979
		(000 Omitted)
Revenue from operations.....	\$16,985	\$15,374
Expenses:		
Operating	10,901	10,180
Depreciation and amortization	800	815
Interest	350	474
Income taxes	2,488	2,019
Minority interest	167	107
Amortization of goodwill	39	39
	14,745	13,634
	\$ 2,240	\$ 1,740
NET INCOME.....	95.0¢	74.0¢
Net income per share		

STATEMENT OF CHANGES IN FINANCIAL POSITION

Working Capital Provided:		
Net income	\$ 2,240	\$ 1,740
Items not affecting working capital:		
Depreciation and amortization	800	815
Deferred income taxes	149	230
Minority interest in earnings	167	107
Goodwill amortization	39	39
Working capital provided by operations	3,395	2,931
Issue of treasury shares	22	56
Other	29	33
Total	3,446	3,020
Working Capital Applied:		
Capital expenditures	1,743	1,657
Dividends	708	1,130
Payments to minority shareholders	430	39
Long-term debt	771	768
Advances to affiliates	140	
Deferred charges	65	59
Total	3,857	3,653
Decrease in working capital	411	633
Working capital - beginning of period	2,314	669
Working capital - end of period	\$ 1,903	\$ 36

TO THE SHAREHOLDERS

The unaudited consolidated net income of Moffat Communications Limited for the six months ended February 29, 1980 amounted to \$2,240,000, an improvement of 28.7% over the same period in 1979. On a per share basis, earnings increased 28.4% over 1979 to 95¢. All divisions contributed to this improvement. Shareholders are reminded that the results of the comparative period last year were adversely affected by a loss amounting to five cents per share in respect of operations which were discontinued in March 1979.

On December 10, 1979 the Canadian Radio-television & Telecommunications Commission approved the purchase by Winnipeg Videon of a 40% interest in Valley Cable Vision Limited, licensee of CATV systems in Southern Manitoba with a potential of 3,700 households.

On November 1, 1979 the basic subscriber rate of Winnipeg Videon was increased to \$5.50 per month. Videon serves 127,022 household subscribers.

While bookings for the third quarter are ahead of last year, we are concerned with the current economic situation in Canada and the reluctance of advertisers to commit to long-term contracts.

Your Board of Directors today declared a quarterly dividend of 15¢ per share payable May 30, 1980 to shareholders of record on May 9, 1980.

Randall L. Moffat

Randall L. Moffat
President

April 11, 1980